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STAFF DIRECTOR

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**TAX CUTS, NOT RUNAWAY SPENDING, ARE THE MAIN LEGISLATIVE
CHANGES DRIVING THE 2004 BUDGET DEFICIT**

Dear Colleague:

I want to call your attention to the attached chart, prepared by the Joint Economic Committee (JEC) Democrats, which shows that tax cuts are the primary legislative change that has swelled the 2004 federal budget deficit—not exploding spending, as many Republican lawmakers have alleged.

Legislation enacted since President Bush took office has increased 2004 spending and lowered 2004 revenues by a total of \$494 billion, compared with what CBO projected in January 2001. Only a small portion of that change is due to domestic appropriations or entitlements. The attached chart focuses on legislative changes and does not include changes to the 2004 deficit due to economic and technical factors.

The data in the chart, calculated by the Center on Budget and Policy Priorities, show that tax cuts account for 57 percent of the \$494 billion change in the 2004 deficit due to legislation enacted during the Bush Administration. In contrast, discretionary spending accounts for only 4 percent of those total costs.

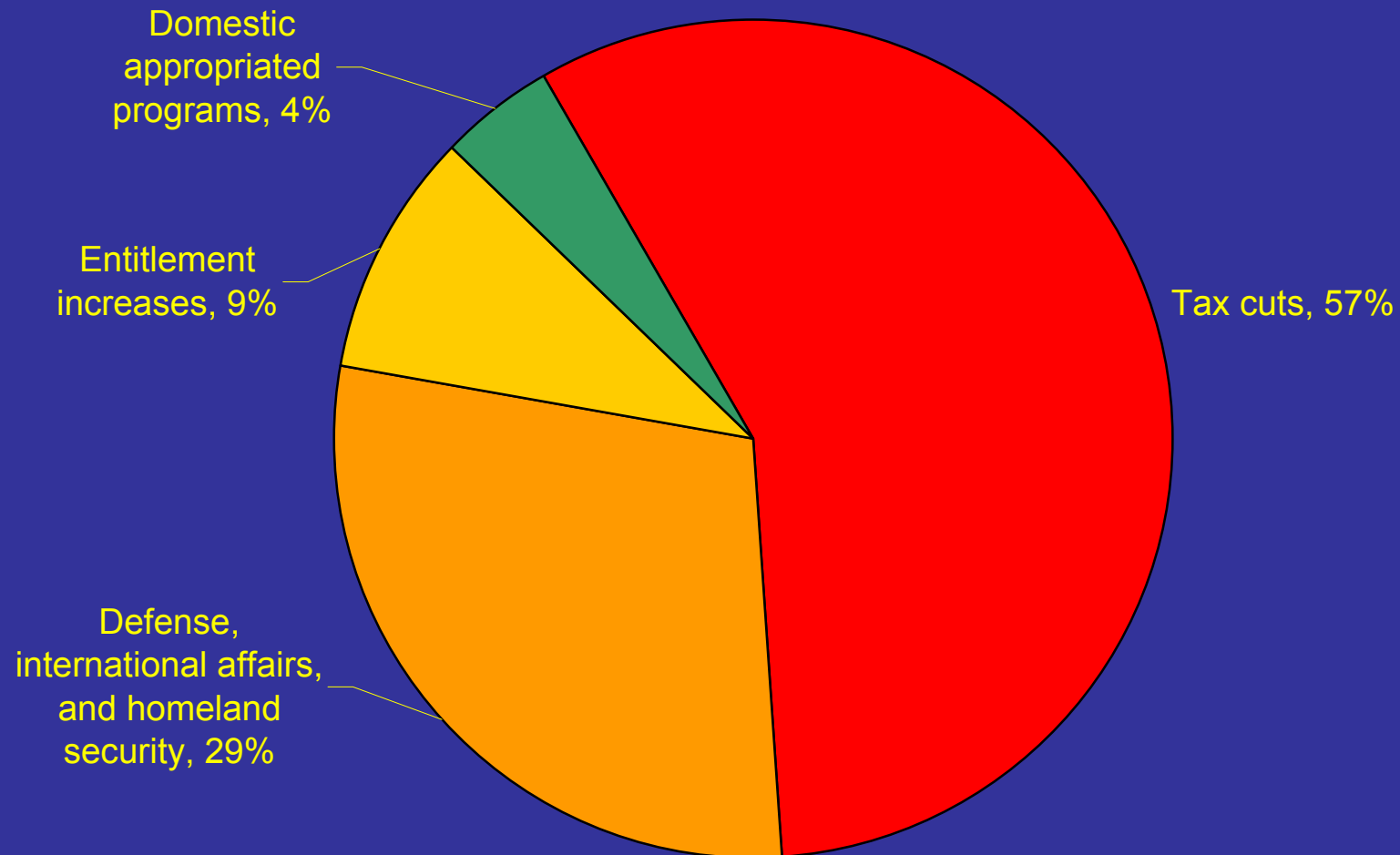
All of the JEC Democrats' "Economic Points-of-Interest Charts" or E-PICs can be viewed at <http://jec.senate.gov/democrats>. These charts are downloadable for use on the floor or in newsletters.

Please take the time to view the chart and to understand that the budget deficit is growing because of huge tax cuts, not because domestic spending is out of control. If you have questions about this E-PIC, please talk to me or have your staff contact JEC minority staff director Wendell Primus at 202-224- 0372 or e-mail him <Wendell_Primus@jec.senate.gov>.

Sincerely,

Pete Stark

Tax Cuts Account for Most of the 2004 Costs of Legislative Changes Enacted during the Bush Administration



Note: The total cost in 2004 of legislation enacted during the Bush Administration is \$494 billion.

Source: Center on Budget and Policy Priorities, "Deficit Picture Grimmer Than New CBO Projections Suggest", Richard Kogan, David Kamin, and Joel Friedman, January 2004